

ITEM: 8

SUBJECT: Coffee Petroleum, Inc., Coffee Lease, Round Mtn. Oil Field, Kern County

BOARD ACTION: Consideration of Cleanup and Abatement Order

BACKGROUND: Coffee Petroleum, Inc. (Discharger) owns and operates four surface impoundments (sumps) on the Coffee Lease in the Round Mountain Oil Field approximately six miles northeast of Bakersfield. Approximately six million gallons of non-hazardous oil field produced wastewater was discharged to the sumps during the 12-month period ending on 30 April 2006. The sumps are used for the disposal of wastewater by evaporation and percolation. The sumps are unlined and do not meet the prescriptive construction criteria for Class II surface impoundments as specified in Title 27. The wastewater discharge is currently regulated by Waste Discharge Requirements (WDRs), Resolution No. 58-375.

The sumps overlie high quality groundwater at shallow depths. Groundwater beneficial uses as designated by the Basin Plan include municipal and domestic supply, agricultural supply, and industrial service supply. Poso Creek traverses the Coffee Lease and flows west towards the San Joaquin Valley. Surface water beneficial uses as designated by the Basin Plan include agricultural supply; water contact and non-contact water recreation; warm freshwater habitat; cold freshwater habitat; wildlife habitat; freshwater replenishment; and, groundwater recharge.

In accordance with Regional Board Resolution 71-122 following a study by DWR, WDRs in the area were required to contain wastewater discharge numerical limitations identical to those contained in the current Basin Plan of EC 1000 umhos/cm, a chloride concentration of 200 mg/L and a boron concentration of 1 mg/L. The Resolution declared that to halt further groundwater degradation by oilfield wastewaters, all WDRs needed to include the numerical limitations. The electrical conductivity, chloride, and boron levels in Coffee's wastewater discharge exceed the maximum salinity levels prescribed in the Resolution and the current Basin Plan for oil field produced wastewater discharged to unlined sumps overlying groundwater with existing and future probable beneficial uses by more than twice. The wastewater discharge to land is subject to the requirements of Title 27, CCR, Section 20090(b). The Discharger purchased the lease in 1998 and acknowledges being in violation of the Basin Plan wastewater discharge limitations. Regional Board staff has worked proactively for years with the Discharger to achieve compliance. It is reported that Coffee is in the process of an injection well conversion; however, it contends it is cost prohibitive to operate. Coffee's only wastewater treatment consists of oil/water separation prior to discharge. To our knowledge, all other Dischargers in the area are in compliance with the Basin Plan, many/most discharging into permitted Class II injection wells.

The findings and this action are consistent with Regional Water Board policy and implementation of the Basin Plan numerical limitations within the oilfield industry throughout the Tulare Lake Basin.

The Time Schedule in the CAO requires the Discharger to immediately cease all unpermitted discharges of wastewater on or off the Coffee Lease

in violation of the Basin Plan, submit a Compliance Plan by 30 November 2006, submit a Compliance Report by 28 February 2007, submit a sump Closure Plan by 30 April 2007, and a sump Closure Certification Report by 31 August 2007.

The action to adopt an enforcement order is exempt from provisions of CEQA.

ISSUES:

Coffee's wastewater discharge into unlined sumps overlying high quality groundwater and adjacent to a water of the US, is in violation of the Basin Plan maximum numerical limitations for oilfield wastewater. The Discharger acknowledges that he is in violation of the Tulare Lake Basin Plan and that he has been aware of this issue since purchasing the lease in 1998. Resolution 71-122 declared that to halt further groundwater degradation by oilfield wastewater discharges in this region, all WDRs needed to include maximum numerical limitations identical to those contained in the current Basin Plan. The discharge exceeds the limits by twice for EC and chloride, and exceeds the limit for boron. Coffee needs to be properly regulated to require compliance.

The Discharger contests the CAO based on the cost of converting and operating an injection well being prohibitive; that the wastewater discharge is not near the San Joaquin Valley; that the volume is insignificant; that there is no evidence that the discharge is impacting groundwater; and that the wastewater has beneficial uses which include irrigation, dust control, fire suppression, domestic uses, habitat creation, and drinking water for cattle.

The California Sportfishing Protection Alliance and Watershed Enforcers (CSPA) submitted comments requesting status as a designated party for this proceeding. CSPA contends that the Regional Water Board should assess monetary penalties to the Discharger for "egregious long-standing violations" in accordance with the Water Code and the Enforcement Policy. CSPA states that the Order is silent on the amount of economic benefit the Discharger has received from delaying compliance and requests that an ACL be issued to recover the economic benefit for the years of flagrant noncompliance including interest.

Mgmt. Review: _____

Legal Review: _____

26/27 October 2006

Central Valley Regional Water Quality Control Board
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